

## Message Text

CONFIDENTIAL

PAGE 01 STATE 218248  
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DRAFTED BY EA/ROC:HJFELDMAN:EDD

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EA - MR. HOLBROOKE

EA/PRCM

S/S -JETHYDEN

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TO AMEMBASSY TAIPEI PRIORITY

INFO USLO PEKING PRIORITY

AMCONSUL HONG KONG PRIORITY

AMEMBASSY TOKYO PRIORITY

C O N F I D E N T I A L STATE 218248

EXDIS

E.O. 11652: GDS

TAGS: PFOR, TW, CH

SUBJECT: ROC AMBASSADOR'S CALL ON SECRETARY, SEPTEMBER 10.

1. ROC AMBASSADOR JAMES SHEN CALLED ON THE SECRETARY SEPTEMBER 10 AT 10:30 A.M. TO DISCUSS U.S. CHINA POLICY IN THE LIGHT OF THE SECRETARY'S RECENT VISIT TO PEKING. ASSISTANT SECRETARY HOLBROOKE AND EA/ROC DIRECTOR FELDMAN WERE PRESENT. THE SECRETARY CHARACTERIZED HIS MEETINGS AS USEFUL. THEY INCLUDED A WIDE-RANGING EXCHANGE OF VIEWS HELPFUL TO BOTH SIDES.

2. THE SECRETARY SAID THAT IN THE COURSE OF THEIR REVIEW OF INTERNATIONAL PROBLEMS, THE TWO SIDES FOUND COMMON INTERESTS.

CONFIDENTIAL

PAGE 02 STATE 218248

RESTS IN A NUMBER OF ISSUES. NORMALIZATION OF US-PRC RELATIONS WAS ALSO DISCUSSED AT SOME LENGTH. THE SECRETARY STATED THAT OUR ULTIMATE GOAL IS FULL NORMALIZATION OF RELATIONS, EMPHASIZING THAT THIS GOAL HAD TO BE REACHED IN WAYS WHICH DID NOT UNDERMINE PROSPECTS FOR PEACEFUL SETTLEMENT OF THE TAIWAN ISSUE BY THE PEOPLE OF TAIWAN AND THE MAINLAND THEMSELVES. OUR ESSENTIAL RELATIONS WITH THE PEOPLE ON

TAIWAN WOULD CONTINUE AFTER NORMALIZATION.

3. REFERRING TO THE AP EDITORS INTERVIEW WITH TENG HSIAO-PING, AMBASSADOR SHEN ASKED IF IT WERE TRUE THAT THE SECRETARY HAD SUGGESTED ELEVATING USLO PEKING TO AN EMBASSY AND DOWNGRADING TAIPEI TO A LIAISON OFFICE. THE SECRETARY REPLIED THAT IN THE DISCUSSION OF NORMALIZATION THE QUESTION OF DIPLOMATIC RELATIONS DID INDEED ARISE. HE STRESSED, HOWEVER, THAT THE VISIT WAS EXPLORATORY, WAS NOT INTENDED TO REACH AGREEMENTS AND IN FACT NONE WERE REACHED.

4. AMBASSADOR SHEN REVIEWED AT LENGTH PREMIER CHIANG CHING-KUO'S SEVERAL RESTATEMENTS OF BASIC ROC POLICIES AND THEIR UNCHANGING CHARACTER: THE ROC WOULD NOT ALTER ITS BASIC STRUCTURE (I.E., WOULD NOT ABANDON ITS CLAIM TO BE THE LEGAL GOVERNMENT OF ALL OF CHINA) NOR ITS POLICY OF FULL RELIANCE ON THE U.S. U.S. CHINA POLICY WAS SEEN IN TAIPEI AS INHERENTLY DESTABILIZING TO THE PEACE AND SECURITY OF THE AREA BECAUSE PEKING MIGHT BE EMBOLDENED TO ATTEMPT AN ATTACK ON TAIWAN. IT WAS UNDERSTOOD, OF COURSE, THAT PEKING WAS NOT MILITARILY ABLE TO DO THIS AT THE MOMENT, BUT ITS INSISTENCE THAT IT COULD USE ANY METHOD IT CHOSE TO "LIBERATE TAIWAN" CARRIED AN IMPLICIT THREAT FOR THE FUTURE. WITHDRAWAL OF U.S. SECURITY GUARANTEES COULD EASILY LEAD PEKING TO MISCALCULATE.  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 218248

5. CONTINUING, AMBASSADOR SHEN NOTED THAT SOME AMERICANS HAVE SAID THE ECONOMY OF TAIWAN IS SO HEALTHY, THE LEADERSHIP SO GOOD AND THE PEOPLE SO UNITED THAT TAIWAN CAN ABSORB ANY SHOCK. THIS IS NOT NECESSARILY SO. ALTHOUGH IT HAS BEEN ABLE, WITH AMERICAN ASSISTANCE AND AMERICAN SECURITY GUARANTEES, TO OVERCOME MANY DIFFICULTIES, SEVERANCE OF U.S. DIPLOMATIC RELATIONS COULD LEAD TO CAPITAL FLIGHT, ECONOMIC COLLAPSE AND EVEN CIVIL DISORDERS. THIS WOULD BE IN NO ONE'S INTEREST. THE U.S., SHEN SAID, HAS ESTABLISHED ITS INTEREST IN DIALOGUE WITH PEKING; WHY NOT NOW LEAVE MATTERS WHERE THEY STAND? IN PARTICULAR, THE ROC WOULD GREATLY APPRECIATE A USG STATEMENT OF THE KIND REQUESTED BY FOREIGN MINISTER SHEN CHANG-HUAN LAST MAY: THAT IT IS THE POLICY OF THE ADMINISTRATION TO MAINTAIN DIPLOMATIC RELATIONS WITH THE ROC FOR THE FORESEEABLE FUTURE.

6. THE SECRETARY SAID THAT BOTH HE AND THE PRESIDENT HAVE RECENTLY MADE CLEAR THE DEEP CONCERN OF THE USG FOR THE SECURITY AND WELL-BEING OF THE PEOPLE ON TAIWAN. HOWEVER, WE WILL CONTINUE, FROM TIME TO TIME, TO DISCUSS WITH THE

PRC MATTERS OF INTEREST. AMBASSADOR SHEN AGAIN EMPHASIZED THE ROC'S DESIRE FOR A STATEMENT THAT DIPLOMATIC RELATIONS WOULD CONTINUE FOR THE FORESEEABLE FUTURE. ASST. SECRETARY HOLBROOKE, IN REPLY, EMPHASIZED THE USG'S GOAL OF NORMALIZATION OF RELATIONS WITH PEKING WHILE MAINTAINING ESSENTIAL RELATIONS WITH TAIWAN AND WITHOUT AFFECTING THE SECURITY AND WELL-BEING OF THE PEOPLE THERE. IT IS OUR HOPE THAT WE CAN WORK TO THE MAXIMUM EXTENT POSSIBLE WITH AMBASSADOR SHEN AND HIS GOVERNMENT WITHIN THAT FRAMEWORK.

7. SHEN ASKED WHETHER "ESSENTIAL RELATIONS" COULD BE MORE SPECIFICALLY DEFINED, AND THE SECRETARY REPLIED THAT ON THE BASIS OF ASSISTANT SECRETARY HOLBROOKE'S BRIEFING LAST MONTH, PREMIER CHIANG WAS FULLY AWARE OF WHAT WE MEANT  
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 218248

BY THAT TERM. THE CONVERSATION ENDED WITH AMBASSADOR SHEN EXPRESSING THE HOPE THAT THE U.S. WOULD PROCEED WITH THE UTMOST CAUTION, UNDERSTANDING THAT THE PROCESS ON WHICH THE U.S. WAS EMBARKED COULD RESULT IN GREAT DAMAGE TO THE ROC AND NO BENEFIT TO THE U.S. THE SECRETARY EMPHASIZED THAT WE WERE INDEED PROCEEDING WITH CAUTION.

8. THE SECRETARY AND AMBASSADOR SHEN AGREED THAT NEITHER WOULD DISCUSS WITH THE PRESS THE SUBSTANCE OF THEIR TALK.  
VANCE

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## Message Attributes

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